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UNCLAS MANILA 001188

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SENSITIVE

HONG KONG PLEASE PASS PEACE CORPS DIRECTOR TSCHETTER  
FROM CHARGE PAUL JONES

E.O. 12958: N/A

TAGS: [PREL](#) [ECON](#) [EAID](#) [RP](#)

SUBJECT: SCENESETTER FOR PEACE CORPS DIRECTOR RONALD A. TSCHETTER

¶1. Director Tschetter: We deeply appreciate your visit, which will mean a lot to our Peace Corps volunteers and to Philippine authorities who are offering extraordinary support in the search for Julia Campbell. Karl will be at the airport upon your arrival and give you the latest on the search. We will all travel together to the site on Tuesday morning. On Wednesday you will meet all Peace Corps Volunteers, key members of the Mission Country Team, senior Philippine officials, and members of the media.

¶2. Let me take this opportunity to provide you with background on our Peace Corps program, suggested media themes, and the context of our relationship with the Philippines.

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Peace Corps in the Philippines  
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¶3. Our overall relationship with the Philippines is deep, strong and constructive. We are immensely proud of Peace Corps Philippines' history spanning 46 years and of the more than 8,000 Volunteers who have served here in numerous fields of development including environment, education, business, and youth services. In the past year Peace Corps Philippines has begun implementing important programmatic changes to assure that all Volunteers have full jobs and to respond to current Philippine development needs. The effect of these changes has strengthened Peace Corps' position as a key element of the overall US-Philippines relationship. The tragic disappearance of Peace Corps Volunteer Julia Campbell has drawn many American and Philippine organization and officials together in conducting search operations. The Embassy and staff continue to offer all of the support possible to you and the Peace Corps in this search.

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Press Themes in Search for Missing PCV  
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¶4. (U) The following press themes may assist you in your contacts with the media in the Philippines.

-- The Peace Corps deeply appreciates the excellent assistance of the Government of the Philippines in the ongoing search for our missing Peace Corps Volunteer Julia Campbell.

-- In particular, we thank local authorities in Banaue (Ban-OW-way) and Ifugao (IF-u-gow) Province, the Philippine National Police, the Armed Forces of the Philippines, and citizens of the Banaue area for their generous assistance.

-- We thank the Filipino people for their prayers and support, and we all continue to hope and pray for Julia and her family.

-- Peace Corps Volunteers have done great work in the Philippines

since 1961, and we have been proud to be a part of so many Filipinos' lives. The more than 8,000 Americans who have served here in the Peace Corps carry fond memories of this country and its people.

-- Peace Corps Volunteers in the Philippines serve and work in close partnership with local government and charities to improve the lives of Filipinos through education, environmental conservation, economic opportunity, life skills development, and business development.

-- Peace Corps Volunteers in the Philippines work in national and local government institutions and with numerous non-governmental organizations to improve the lives of Filipinos through English language and computer education, coastal resources management, literacy and life skills development, and business development.

-- The Peace Corps will remain a committed partner of the Philippines and friend of the Filipino people.

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Partners in the Global War on Terror  
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15. (SBU) The Philippines is a strong partner in the global war against terrorism. We are working together to rid the poor Southern Philippines islands of international terrorists who hide among Muslim insurgents in this Christian majority country. Our engagement with the Philippines on counterterrorism ranges from humanitarian relief and economic development to military cooperation and public diplomacy. There is no better antidote to terrorism and extremism than economic progress, and USAID and other USG programs directly assist vulnerable populations and former insurgents. A U.S. Joint Special Operations Task Force provides advice and assistance to Philippines Armed Forces conducting anti-terrorism operations in the South. Although assignment of Peace Corps Volunteers to these southern islands is ruled out due to security concerns, Peace Corps remains active there via a distance learning project in which Peace Corps Volunteers train Mindanao teachers of English and Internet Communications.

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Partners in Economic Development and Reform  
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16. (U) In the area of economic development, the United States remains the Philippines' most important partner. With our bilateral economic assistance of about \$70 million in 2006, we are the Philippines' largest grant aid donor. In addition, the Philippines is in the middle of a Millennium Challenge Account Threshold Country program to strengthen substantially its fiscal capacity through fighting corruption and improving its revenue collections. If the Philippines can demonstrate the political will to strengthen the rule-of-law and successfully fight corruption, we would see more domestic and foreign investment as well as more jobs and growth.

17. (U) The U.S. remains the Philippines' largest trading partner, with over \$16 billion in two-way merchandise trade. Japan falls slightly behind us. Trade with China, though only about \$6 billion in 2005, grew by about 60 percent over the last year. Major U.S. exports are electronics, machinery, and agriculture. The U.S. is also the largest foreign investor, with over \$6 billion in assets in a broad range of manufacturing and service industries including banking, insurance, consumer goods, electronics, autos, and agriculture. The American Chamber of Commerce of the Philippines describes itself as the first overseas American Chamber worldwide and is an active contributor to the economic policy dialogue as well as a strong supporter of trade and investment policy reforms.

18. (U) In comparison to other countries in the region, the Philippine public and private sector investment levels remain low. This condition inhibits the economy's ability to sustain accelerated growth rates about 6 percent, the level necessary to begin reducing poverty. The current GDP growth of about 5 percent is respectable, but, with a population growth rate of 2.3 percent, the impact on per capita income remains insufficient.

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Politics and Poverty  
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¶9. (SBU) The Philippines is in the midst of election campaign for half of its Senate, all seats in the House of Representatives, and virtually all provincial and local leadership positions. May 14 is election day. Most campaigns center on personalities, not policies.

The relatively small middle class, the mass emigration of overseas workers (about ten percent of the total population, or twenty percent of the workforce), and improved income distribution help explain the absence of a strong political force for change. The middle and upper income classes make up only 9 percent of the population. The economy is heavily dependent on remittance inflows from overseas workers, totaling about \$13 billion annually. About 40 percent of the population living on \$2 per day or less.

¶10. (U) We look forward to your visit.

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